

 <p><b>Category:</b> Financial</p> <p><b>Policy applicable for:</b> Government Cost Compliance</p>	<p><i>Policy Title:</i> <b>Developing Fringe Benefit Rates (Draft)</b></p> <p><b>Effective Date:</b> 01/22/2009</p> <p><b>Prior Effective Date:</b> 01/22/2009</p> <p><b>Enabling Acts:</b> Federal Regulations OMB Circular A-21</p>	<p><i>Policy Number:</i> <b>2.1.18</b></p> <p><b>Policy Owner(s):</b> Sr. VP for Administration and Finance Vice President for Finance Vice President for Research</p> <p><b>Responsible Office(s):</b> Government Cost Compliance</p>
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## Background

Federal OMB Circular A-21 allows an institution to charge employee salary and fringe benefits to sponsored programs when the costs can be identified to a particular project. Fringe benefits can be calculated and charged by each employee's cost or by an institution-wide allocation.

## Policy

The University of Cincinnati allocates fringe benefits on the basis of institution-wide salaries and wages of employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees. At UC, those groups are as follows:

1. Exempt Faculty
2. Exempt Staff
3. Non-Exempt Staff
4. Part-time
5. Students

To implement the allocation method for fringe benefits, rates must be established for each employee group and approved annually by the cognizant federal auditor, DHHS.

For purposes of charging fringe benefits, A-21 states that fringe benefits shall be treated in the same manner as the salaries and wages of the employees receiving the benefits. The benefits related to salaries and wages treated as direct costs shall also be treated as direct costs; the benefits related to salaries and wages treated as F&A costs shall be treated as F&A costs.

## Roles and Responsibilities

The Executive Director of Government Cost Compliance (GCC) or designee shall be responsible for identifying, reviewing, and determining the allowability of benefit expenditures in preparation for compiling fringe benefit rates. GCC will perform all

calculations necessary to produce an annual fringe benefit rate proposal to be reviewed and approved by both the UC Office of Budget Management and DHHS.

**Related links:**

[UC's policy site](#)

**Phone Contacts:**

Government Cost Compliance	556-0184

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